

Message Text

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PAGE 01 STATE 127733
ORIGIN L-03

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-----022249Z 044610 /64
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FM SECSTATE WASHDC
TO AMEMBASSY LIMA IMMEDIATE

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E.O. 11652: N/A

TAGS: EIND, EFIN, EMIN, BDIS, PE

SUBJECT: MARCONA: PROBLEMS WITH SHIPPING CONTRACT

REF: LIMA 4455, STATE 116816

1. DEPARTMENT APPRECIATES EMBASSY'S RAISING MARCONA MATTER WITH BROUSSET AND AGREES THAT ASSISTANT SECRETARY TODMAN SHOULD DEFINITELY RAISE THIS MATTER AT THE JUNE 4 BREAK-FAST MEETING WITH THE FOREIGN MINISTER. BROUSSET'S SUGGESTION THAT MARCONA MITIGATE THE ALLEGED OVERPAYMENT DEMONSTRATES THAT THE CPV INTERPRETATION MAY BE SHARED BY OTHERS IN THE PERUVIAN GOVERNMENT AND MAKES IT IMPERATIVE THAT THE USG TAKE THIS OPPORTUNITY TO EXPRESS ITS CONCERN AT A HIGHER LEVEL.

2. IN ADDITION TO CONSIDERATIONS OUTLINED IN STATE 116816, THE FACT IS THAT, AS A MATTER OF NEGOTIATING HISTORY,
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TH: SUM STIPULATED IN THE INTER-GOVERNMENTAL AGREEMENT FOR THE SHIPPING CONTRACT WAS AN ARBITRARY COMPREHENSIVE VALUATION RATHER THAN AN ESTIMATE OF PROJECTED TONNAGE. AS BROUSSET, DE LA PUENTE, AND THE OTHER PERUVIAN NEGOTIATORS MAY REMEMBER, THE PRICES STIPULATED IN THE DECEMBER 1975 SHIPPING CONTRACT WERE FIXED. BY SEPTEMBER 1976 CHANGES IN THE WORLD SHIPPING MARKET HAD MADE THEM

SO FAVORABLE TO PERU THAT MARCONA, THOUGH UNDER GREAT PRESSURE TO DO SO, WAS UNABLE TO EVEN REMOTELY MATCH THEM DURING THE NEGOTIATIONS FOR A LONGER TERM SHIPPING AGREEMENT. INDEED, THAT WAS THE REASON THE SHIPPING ELEMENT OF THE ORIGINAL APRIL AGREEMENT IN PRINCIPLE WAS ULTIMATELY DISCARDED. MARCONA, OF COURSE, FULFILLED THE ORIGINAL SHIPPING CONTRACT AS PART OF THE SETTLEMENT EVEN THOUGH IT WAS NO LONGER IN FACT GAINING A DOLLAR PER TON IN COMPENSATION. BUT THE IMPETUS CAME FROM CPV, WHICH WANTED TO TAKE FULL ADVANTAGE OF THE ORIGINAL RATES. FOR CPV TO REOPEN THE ISSUE UNDER THESE CIRCUMSTANCES RISKS, IN OUR JUDGMENT, AN ACCOUNTING AND POLITICAL NIGHTMARE DAMAGING TO ALL CONCERNED. VANCE

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Sent Date: 02-Jun-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition History: n/a
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